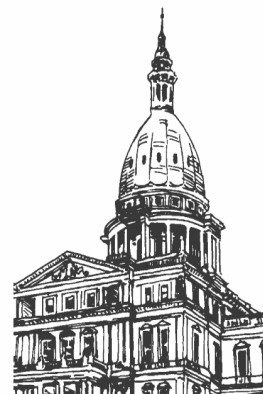


STATE SENATOR • MARTHA G. SCOTT • 2ND DISTRICT

Scott Press Release

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SCOTT FIGHTS FOR LOWER PAYDAY LENDING INTEREST RATE

(LANSING) – In an effort to ensure that sound, effective consumer protections are built into Michigan’s state policies and laws, State Sen. Martha G. Scott presented an amendment today to lower the maximum interest rate allowed for payday lenders. The amendment was defeated by the Republican-controlled Senate.

“The thirty to forty percent that some payday lending operations charge is nothing short of highway robbery,” said Sen. Scott in her floor statement supporting the amendment. “The cash-strapped individuals using this service deserve protections under the law.”

Currently, the payday lending industry has no state oversight. The bill to which Sen. Scott proposed the amendment stipulates that interest rates for loans from these institutions be set on a sliding scale. It sets the interest rate for smaller, \$100 loans at 15 percent while the interest rate for the maximum \$600 loan would be 12.6 percent. Senator Scott’s amendment would have lowered that to a straight 10 percent interest rate.

“I do not believe in assisting companies that encourage our most vulnerable citizens to dig themselves deeper into debt, which is precisely what is happening for most that are using this service,” said Sen. Scott.

Last session, a similar payday lending bill was presented to the Governor, who vetoed it because the maximum interest rate was too high. This amendment would have addressed the issue of excessive rates and fees.

“As long as the payday advance industry remains in Michigan, we must be serious about adequate regulations and strong consumer protections,” said Sen. Scott, who has fought for more strenuous regulations of this industry for several years.

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